

Community Development Disability Program Department of Health and Social Services - Program 5

I. PROGRAM OBJECTIVE

Through this program a wide array of community-based supports and services are provided to individuals with developmental disabilities and their families. Services are driven by three central goals: Maximize the potential of people with developmental disabilities and their families to participate in the cultural, social, and economic life in their community; empower people with developmental disabilities and their families to determine individualized services needed in order to maximize their independence; and provide individualized community based services. Services are provided in [150] **local communities throughout the state** by [35] nonprofit grantee agencies. [Nine] Service Principles **established by DMH/DD** provide the guidelines by which services are provided. Typical individualized services include, but are not limited to, the following: in-home training, shared care, foster care, residential services, respite care, independent/semi independent living services, vocational training, case management, respite, and natural family support.

II. PROGRAM PROCEDURES

The Developmental Disabilities Section of the Division of Mental Health and Developmental Disabilities awards grants to [35] nonprofit organizations statewide to provide developmental disabilities community services and supports. To be eligible to receive services, and individual must be meet the eligibility criteria as defined by AS 47.80.900. Eligibility determinations are made by Division personnel. The plan of service must also be approved by the Division.

The Division now implements two Home and Community Based Waivers. In part, the waiver program is a refinancing initiative, which allows the state to **maximize the use of federal funds for community services**. [recover 59.8% of service costs for approved individuals from the federal government.] Consequently, when an individual is **enrolled [converted] in a Home and Community Based Waiver administered by the DD Section** [from community developmental disability grant services to waiver services,] **the cost of services provided through a CDD Grant** is deducted from the grant. **The provider then begins billing** Medicaid for services rendered to individuals as prior-authorized. Subsequently, the grantee submits a budget revision to remove the cost of services for the particular individual(s). Unless partial services is authorized through the grant, as evidenced by a funding request or documentation in the plan of care, the individual is no longer supported with grant funds. These refinanced grant funds are then

reallocated by the Division to serve another consumer from the Developmental Disabilities Waitlist.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED OR UNALLOWED

Compliance Requirement

Grant funds under this program are used to assist nonprofit agencies in their attempt to integrate developmentally disabled persons into normal patterns of everyday life. These funds are used to support personnel, travel, supplies, equipment, facility expense and other cost categories necessary to sustain services as identified in the approved grant budget, special conditions, and program services specifications.

Suggested Audit Procedures

Review:

1. Contract or final Notification of Grant Award (NGA) including all conditions;
2. Grant/Contract revisions and related transmittal letters;
3. Licenses, certifications, approvals status of private nonprofit corporation if applicable;
4. Budget documents including final revised budget and budget narrative; and

Test financial and related records to determine that funds expended were for purposes specified in the grant/contract.

Compliance Requirement

Costs allowed or disallowed under this program are determined by grant regulations 7 AAC 78 and approved budget documents and special conditions of the grants/contracts.

Suggested Audit Procedures

- Review Department of Health and Social Services' grant regulations 7 AAC 78 and budget documents;
- Test financial and related records to determine the appropriateness of costs per 7 AAC 78; and
- Determine whether expenditures are within the budget limits prescribed by 7 AAC 78.260(e)(1).

B. ELIGIBILITY REQUIREMENTS

Compliance Requirement

The grantee must be a nonprofit agency or political subdivision meeting the requirements of 7 AAC 78.030. The auditor is not expected to make tests to verify the eligibility of clients served.

Suggested Audit Procedure

- Review articles of incorporation or other appropriate documentation, licenses, certifications and approvals to determine status of agency.

C. MATCHING, LEVEL OF EFFORTS AND/OR EARMARKING REQUIREMENT

There are no matching or level of effort requirements.

D. REPORTING REQUIREMENTS

Compliance Requirement

The grantee must submit for approval a quarterly expenditure report in order to be advanced funds for the next succeeding quarter. Grantee expenditure reports must present a Statement of Revenue and Expenditures by line item category for each grant period matched against an approval line item budget. Variances greater than the lesser of \$500 or 10% between budgeted and actual expenditures in each line item are not allowed. Ten percent of the final or fourth quarter advance of grant funds is withheld until the grantee submits for approval a final report at the end of the grant period for the total grant period.

Suggested Audit Procedures

- Confirm if such reports are being filed timely;
- That reported revenues and expenditures agree with the agency's general ledger; and
- That expenditures are within the budget limits or contract provisions.

Compliance Requirement

Agency Audited Financial Statements must present a statement of revenue and expenditures of each state grant/contract. Such statements must show, for each state fiscal year grant, the final approved budget by line item category, actual revenues and expenditures and variance between budgeted and actual revenues and expenditures. Disallowed or questioned costs must be clearly disclosed.

Suggested Audit Procedure

- Review audited financial statements for compliance with the above.

Compliance Requirement

The agency must clearly show on their audited financial statement any outstanding liability to the state as payable to the state. This includes unspent grant funds or disallowed costs.

Suggested Audit Procedures

- Determine whether or not the agency has any outstanding liability to the state; and
- Review audited financial statements to ensure proper presentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

The agency must act upon any recommendations made by program site review.

Suggested Audit Procedures

- Obtain copy of program site review; and
- Determine if recommendations in the site review are being implemented.

Modified 5/02